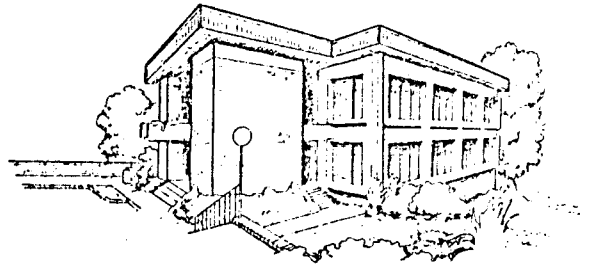


TOWN OF CHAPEL HILL

306 NORTH COLUMBIA ST.
CHAPEL HILL, N.C., 27514
(919) 929-1111



NOTICE OF SPECIAL MEETING OF THE BOARD OF ALDERMEN OF THE TOWN OF CHAPEL HILL

TO: Gerald Cohen
Robert Epting
Thomas Gardner
Jonathan Howes
Shirley Marshall
Marvin Silver
R. D. Smith
Edward Vickery

You, and each of you, are hereby notified that the Board of Aldermen have called a Special Meeting, to be held in the Conference Room, at 4:00 P.M. on July 1, 19 76, to discuss the Agreement of Sale of Sewer to the Orange Water and Sewer Authority, loan of money to said Authority, and Parking Lot #2 lease.

James C. Wallace
MAYOR

ACCEPTANCE OF NOTICE

We, the undersigned, members of the Board of Aldermen of the Town of Chapel Hill, hereby accept notice of a Special Meeting of the Board of Aldermen, called by Honorable James C. Wallace Mayor, to be held in the Conference Room on July 1, 1976, at 4:00 P.M.

James C. Wallace
MAYOR

William Edward Vickery
Shirley E. Marshall
Jonathan B. Howes
Marvin Silver
Thomas B. Luber
Robert Epting
R. D. Smith
Gerald D. Cohen

MINUTES OF A SPECIAL MEETING OF THE MAYOR AND BOARD OF ALDERMEN, TOWN OF
 CHAPEL HILL, MUNICIPAL BUILDING,
 JULY 1, 1976, 4:00 P.M.

Mayor Wallace called the meeting to order at 4:06 P.M. Present were:

Gerald Cohen
 Robert Epting
 Jonathan Howes
 Thomas Gardner
 Shirley Marshall, Mayor Pro Tem
 Marvin Silver
 Edward Vickery

Also present were Town Attorney E. Denny, Acting Town Manager G. Shipman and Town Clerk D. Roberts. Alderman R.D. Smith was excused.

The purpose of the special meeting was to discuss the agreement of sale and purchase of the sewer, consider an advance of monies to the Orange Water and Sewer Authority, and to continue the discussion from the last meeting on the parking facilities.

Parking Facilities

Mr. Shipman stated that the staff had resolved the difficulties on the parking facilities during the interim period and there would be no need for another executive session. Mr. Hooper explained that the owners of lot #2 had been contacted to possibly increase the time of cancellation from six months to one year on a five year lease. The owners have agreed to increasing the cancellation time to one year's notice; however, they wished the town to be on notice that they did have plans for developing the lot, and the town should be looking for other facilities for parking. Alderman Silver suggested that a task force be appointed to study other properties which the town might obtain for parking. Alderman Marshall pointed out that there are already two parking committees and that perhaps this task might be given to one of those. ALDERMAN HOWES MOVED, SECONDED BY ALDERMAN MARSHALL, THAT THE BOARD ADOPT THE FOLLOWING RESOLUTION AUTHORIZING EXECUTION OF LEASES:

A RESOLUTION AUTHORIZING EXECUTION OF LEASES FOR PARKING FACILITIES

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill that the Town Manager is hereby authorized to execute 5-year lease agreements with Mrs. Ruth Sloan at a minimum annual rental of \$6,600 and with the Quail Roost Corporation at a minimum annual rental of \$23,400 for the use of Parking Lot #2.

This the 28th day of June, 1976.

THE MOTION WAS CARRIED UNANIMOUSLY.

Advance of Money to the Authority

Mayor Wallace introduced the following resolution.

A RESOLUTION AUTHORIZING A LOAN TO THE ORANGE WATER AND SEWER AUTHORITY

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill:

Section I

The Town Manager and Finance Director are hereby authorized and directed to issue check in the amount of TWENTY-THOUSAND AND 00/100 DOLLARS (\$20,000.00) as a loan to the Orange Water and Sewer Authority to enable it to pay certain expenses incurred by it in connection with the acquisition of the water and sewer utilities.

Section II

This authorization is expressly conditioned upon the Town of Carrboro making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00) and Orange County making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00).

This the 1st day of July, 1976.

Alderman Epting asked Mr. Denny to add wording to the resolution for repayment of the loan. Mayor Wallace questioned whether he was to assume from the second section of the resolution that Carrboro would sign its contracts if it lent the money to the Authority. Alderman Howes then reported that at a luncheon meeting with Mr. Patterson and Mr. Drakeford, Mr. Patterson had informed him that by the end of July, Carrboro would have the agreements in such form as could be signed. Alderman Howes suggested to Mr. Patterson that it should be done sooner, but was informed that an earlier date would be impossible. Mayor Wallace stated the Council of State is to take up the certified resolutions in connection with the reincorporation at a meeting on July 13. Without further action, the Chapel Hill contract for the sewer and Carrboro's contract for the water and sewer will be outstanding at that time. The Board would lend \$20,000 to the Authority conditioned upon Carrboro's lending \$8,000. There was no condition that they sign the contract, although it was assumed that if they lent the \$8,000 to the Authority, they would sign their contract. Alderman Marshall stated that she thought Chapel Hill's signing of the contract should be conditioned upon Carrboro's signing their contract by a date certain. Mayor Wallace believed no money should be advanced to the Authority until the contracts were signed by all of the local components. Alderman Marshall said she thought the money should be advanced conditioned only on Carrboro's advancement, so that other work could be done while Carrboro was resolving contract differences. Mayor Wallace said any changes Carrboro might make in the contract must also satisfy bond counsel, and that if they could not agree on a final contract form to sign, there would be no Authority. Alderman Marshall argued the scheduling was so close, two or three weeks could make a difference as to whether the closing was before the end of the year. Mayor Wallace stated the attorneys had been advised as to the limitations imposed by bond counsel and should not need much time to approve or disapprove changes in the wording of the contract. Mr. Denny reported that he had talked with Mr. Jones, who had agreed to try to put down some suggested language that could go in several places, but who had been unable to impress Carrboro with the need for urgency. Mayor Wallace was concerned that if Chapel Hill signed the contract as it was, and then Carrboro made changes in their contract, there would be two different contracts. Mr. Denny said the resolution authorized the signing of the contract in substantial form to cover typing mistakes, etc. which might have been made. Alderman Marshall believed the contract should not be signed immediately, but authorization should be given to the Mayor to sign the contract on July 13, provided Carrboro would also sign then. Mayor Wallace argued that no money should be advanced until all the contracts were signed. Alderman Vickery said he believed that Chapel Hill's share for the professional services already performed (5/9ths) should be paid without waiting for the contracts to be signed. As Chapel Hill had used the results of the professionals' work, they had a moral obligation to pay for part of this work. This might also provide impetus for Carrboro and Orange County to pay their share. Alderman Marshall agreed that Chapel Hill should pay for work used. Alderman Cohen agreed that the money should be paid in that if the Authority did not go through and Chapel Hill became the owner of the utilities, the work could still be used and would have to be paid for. Mr. Denny stated that some of the money was to be used for future work which would be essential. ALDERMAN COHEN MOVED, SECONDED BY ALDERMAN HOWES, THAT THE FOLLOWING RESOLUTION BE ADOPTED.

A RESOLUTION AUTHORIZING A LOAN TO THE ORANGE WATER AND SEWER AUTHORITY

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill:

Section I

The Town Manager and Finance Director are hereby authorized and directed to issue check in the amount of TWENTY-THOUSAND AND 00/100 DOLLARS (\$20,000.00) as a loan to the Orange Water and Sewer Authority to enable it to pay certain expenses incurred by it in connection with the acquisition of the water and sewer utilities; to be repaid within the current fiscal year from funds derived from additional financing.

Section II

This authorization is expressly conditioned upon the Town of Carrboro making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00) and Orange County making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00).

This the 1st day of July, 1976.

ALDERMAN EPTING OFFERED THE FOLLOWING AMENDMENT TO THE MOTION.

A RESOLUTION AUTHORIZING A LOAN TO THE ORANGE WATER AND SEWER AUTHORITY

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill:

The Town Manager and Finance Director are hereby authorized and directed to issue a check in the amount of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00) as a loan to the Orange Water and Sewer Authority; provided this sum be used to pay not more than five-ninths (5/9) of the accounting, legal, and engineering fees accrued to date plus five-ninths (5/9) of whatever additional fees may be needed for additional necessary work, to enable it to pay certain expenses incurred by it in connection with the acquisition of the water and sewer utilities; to be repaid within the current fiscal year from funds derived from additional financing.

Section II

This authorization is expressly conditioned upon the Town of Carrboro making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00) and Orange County making a loan to the Orange Water and Sewer Authority for the same purpose in the amount of EIGHT THOUSAND AND 00/100 DOLLARS (\$8,000.00).

This the 1st day of July, 1976.

Alderman Silver asked if Section II of the Ordinance was needed, as the premise behind the amendment was that the town owed the money to the professionals. Alderman Cohen moved that the resolution be amended to strike Section II and read as follows:

A RESOLUTION AUTHORIZING A LOAN TO THE ORANGE WATER AND SEWER AUTHORITY

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill:

The Town Manager and Finance Director are hereby authorized and directed to issue a check in the amount of TWENTY THOUSAND AND 00/100 DOLLARS (\$20,000.00) as a loan to the Orange Water and Sewer Authority; provided this sum be used to pay not more than five-ninths (5/9) of the accounting, legal, and engineering fees accrued to date plus five-ninths (5/9) of whatever additional fees may be needed for additional necessary work, to enable it to pay certain expenses incurred by it in connection with the acquisition of the water and sewer utilities; to be repaid within the current fiscal year from funds derived from additional financing.

This the 1st day of July, 1976.

Alderman Howes, as seconder, accepted both amendments. THE MOTION TO ADOPT THE RESOLUTION AS AMENDED WAS CARRIED UNANIMOUSLY.

Agreement of Sale and Purchase

Mayor Wallace stated the contract was before the Board for consideration and authorization for signing. Alderman Marshall asked for clarification on some points. The first was page 18, section 21, "Federal Studies and Projects", line 3, "and in this connection agrees...." Alderman Marshall asked for agreement from the local governments that they would allow the Authority to assume these responsibilities on the 201 and 208 projects. She believed this necessary to prevent stalling or delay later. Alderman Howes stated he was concerned about 208 being included, that this might be outside the purview of the Authority. Mr. Denny said 208 could be stricken from the contract, that this was an attempt to protect the town. Alderman Howes stated the problem was that the obligations of the town or other jurisdictions were at present unclear. Alderman Marshall asked that it be specified that in striking 208 from the contract, the town was definitely not giving up its responsibilities under the 208 resolution. Alderman Epting moved, seconded by Alderman Gardner, that the words "and 208" be stricken and a comma be inserted after "201" so that the sentence would read "...to the studies and projects known as Section 201, PL-92..." and that letters be sent to the appropriate officials explaining the Board's discussion on 208. Mr. Denny said the 201 decision on the sewer would probably be made before the closing on the sale, and that after the closing the Authority would have to make most of the decisions as it would be the only entity to have a sewer. Alderman Howes asked if this would preclude any financing by the town of a 201 improvement. Mr. Denny answered that later paragraphs in the contract left open to the town the right to make improvements. Mayor Wallace stated that by including 208, the town was proposing to convey

all of its responsibility to the Authority upon closing. Alderman Marshall repeated that she wanted a resolution from the local governments that not only would the Authority agree to assume the responsibility, but that the towns would allow the Authority to assume that responsibility, a mutual agreement. Alderman Howes disagreed in that part of 208 would relate to zoning control. Alderman Gardner than asked if deleting 208 would mean that the Authority would have only operational responsibility of the water and sewer, not management responsibilities. The motion to delete "208" and send the letters of explanation was carried unanimously.

Alderman Epting--page 13, section 8 Franchise: Alderman Epting asked if Carrboro's contract also included a sixty-year franchise. Mr. Denny said that the contracts read the same, that sixty-years was a standard length of time, and the franchise could be renewed for a period of 120 years altogether.

Alderman Howes asked what kind of protection Carrboro had asked for in the matter of line extension. Mr. Denny said there was a provision for the Authority to serve all users without discrimination.

Alderman Marshall asked if the Board could authorize Mayor Wallace to sign the contract as it presently is worded, and at the meeting on the 12th of July, consider any changes Carrboro wished to make; the grant authorization to sign a changed contract on the 13th provided Carrboro has signed their contract. The Council of State should know that Chapel Hill is ready to sign the contract as it is. Alderman Vickery suggested the contract be signed but not transmitted until the 13th. Mr. Denny said the execution of the contract obligated the town to do certain things within six months, but all of the documents would be delivered simultaneously. Mayor Wallace stated that he would like the contract to be signed so that the Council of State would know that Chapel Hill had signed, and any amendments received by the 12th could be considered. This would leave it open for twelve days for amendments by Carrboro. Mr. Denny advised that if the language were changed by Carrboro, the town must reexecute. ALDERMAN EPTING MOVED THAT THE FOLLOWING RESOLUTION BE ADOPTED.

A RESOLUTION TO APPROVE AND AUTHORIZE THE EXECUTION OF THE AGREEMENTS OF TRANSFER OF THE TOWN SEWER UTILITY PROPERTIES TO THE ORANGE WATER AND SEWER AUTHORITY

BE IT RESOLVED by the Board of Aldermen of the Town of Chapel Hill:

Section I

A proposed agreement of sale and purchase of the Town of Chapel Hill sewer utility property consisting of 22 pages together with Exhibits A through P inclusive be and the same are hereby approved.

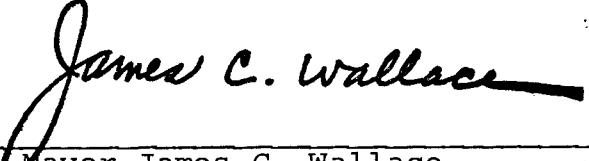
Section II

The Mayor and Town Clerk are hereby authorized and directed to execute said agreements for and in behalf of the Town of Chapel Hill in substantially the form as prepared and presented by the Town Attorney; provided that right is hereby reserved to the Town of Chapel Hill to reconsider this contract upon presentation of any amendatory material necessary to conform this contract to that contract necessary between the Authority and the Town of Carrboro.

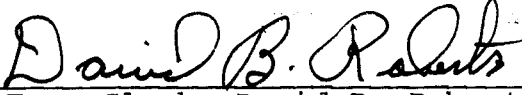
This the 1st day of July, 1976.

ALDERMAN MARSHALL SECONDED THE MOTION. THE MOTION WAS CARRIED UNANIMOUSLY.

The meeting was adjourned at 5:23 P.M.



 Mayor James C. Wallace



 Town Clerk, David B. Roberts